OLR Bill Analysis
sHB 5450

AN ACT ESTABLISHING A BASIC HEALTH PROGRAM.

SUMMARY:

This bill requires the Department of Social Services (DSS) commissioner, in consultation with the Office of Health Reform and Innovation (OHRI), by January 1, 2014, to establish and implement a Basic Health Program (BHP) in accordance with the federal Patient Protection and Affordable Care Act (PPACA) of 2010. Under the program, the state would provide federally subsidized health insurance to individuals (1) with incomes up to 200% of the federal poverty level (FPL), (2) under age 65, and (3) who do not qualify for Medicaid and otherwise meet the federal eligibility criteria. (Starting January 1, 2014, federal law requires state Medicaid programs to cover anyone with income up to 133% of the FPL.) Individuals in the BHP would not be able to get their health insurance through the state's health insurance exchanges, which the state must establish by 2014 (see BACKGROUND).

The bill requires the BHP to offer the same benefit levels and limited cost sharing (e.g., co-pays) that the state's Medicaid recipients currently enjoy unless the state's cost exceeds the federal subsidies. The bill moves certain HUSKY A (a Medicaid coverage group) adult recipients into the BHP provided that they maintain the same level of benefits and cost sharing limits (currently they do not pay cost sharing). The bill appropriates to DSS the anticipated savings from moving HUSKY A adults into the BHP in order to (1) provide the same benefits and cost sharing to BHP enrollees that apply to Medicaid recipients and (2) increase provider reimbursement rates.

The bill requires the DSS commissioner, in consultation with OHRI, to submit a BHP implementation plan to the Human Services and Appropriations committees for their approval.

The bill requires DSS to take all necessary steps to maximize federal funding and seek any necessary federal approval in connection with establishing the BHP. And it establishes a separate, nonlapsing General Fund account to hold the federal subsidies.

EFFECTIVE DATE: Upon passage

BASIC HEALTH PROGRAM (BHP)

The bill requires the establishment of a program resembling the state's Medicaid program. But this can happen only if the state receives sufficient federal subsidies. Consequently, it creates contingencies in the event these subsidies are not enough to cover the costs of insuring program enrollees.

Program Benefits and Cost Sharing

Under the bill, the medical assistance provided through the BHP must include the same benefits, cost-sharing limits, and other consumer safeguards that apply to Medicaid recipients, unless the DSS commissioner determines that doing so will exceed the federal subsidies available to the state to pay for the BHP.

If the commissioner makes such a determination, he, in consultation with OHRI, must develop and submit a plan that maximizes benefits and minimizes cost sharing to run the program within the available subsidies.

People Covered by BHP (§§ 1(c) & 3)

Under the bill, adults with incomes between 133% and 200% of the FPL who would "otherwise be eligible for HUSKY A" are explicitly mentioned as being covered by the BHP (Under federal law, anyone ineligible for other health insurance coverage with income in this range is eligible for the BHP.) Currently, an adult is eligible for HUSKY A if he or she is the caretaker relative of a child receiving HUSKY A and has income up to 185% of the FPL.

The bill shifts HUSKY A- eligible adults to BHP once their income reaches 133% of the FPL, but only if the state implements a BHP that offers the same benefits, cost sharing limits, and other consumer

safeguards that currently apply under HUSKY A.

Because the bill contemplates that the BHP may have to impose cost sharing and benefit limits if the federal subsidies are insufficient, there could be two different outcomes. If the federal subsidies are sufficient to hold the HUSKY A caretaker adults harmless, these adults would be moved into the BHP, and the state could potentially realize a cost savings (the state receives a 50% federal match for HUSKY A expenditures). If the subsidies are not sufficient, these caretaker adults would stay in HUSKY A and any limits on cost sharing and benefit levels would apply only to (1) childless adults with incomes between 133% and 200% of the FPL and (2) adult caretaker relatives of children with income between 185% and 200% of the FPL, who would comprise the BHP enrollees.

Appropriation of Savings from Moving HUSKY A Adults into BHP (§ 5)

It is anticipated that the state would save $36 million over the next two fiscal years by moving HUSKY A adult caretakers to BHP. If these savings occur, the bill appropriates the savings to DSS for the BHP.

DSS must use these funds to (1) provide the same benefits and limits on cost-sharing in the BHP that apply to Medicaid recipients and (2) increase reimbursement rates to medical providers serving BHP enrollees. DSS must increase the reimbursement rates to maximize health care access.

The $36 million appropriation is contingent on whether moving HUSKY A adult caretaker relatives provides the savings.

Use of Surplus Subsidies (§ 1(d))

As with the above appropriation, if the federal premium subsidies the state receives for the BHP exceed the costs of providing the Medicaid-equivalent coverage to BHP enrollees, the surplus must be used to increase reimbursement rates for providers serving BHP enrollees, to the extent federal law allows. The commissioner must increase the rates in a way that maximizes access to needed health services.

The bill requires the commissioner to establish a committee to make recommendations to (1) keep provider rates competitive, (2) provide payment incentives to increase access to primary care offices as an alternative to emergency room care, and (3) streamline paperwork. The committee is comprised of representatives from DSS and health care providers serving Medicaid and BHP enrollees.

DSS Plan (§ 2)

The bill requires the DSS commissioner, in consultation with the OHRI, to submit to the Human Services and Appropriations committees a plan and any federal waiver application that might be necessary to establish and implement the BHP to the Human Services and Appropriations committees.

The committees must hold a hearing on the plan within 30 days of receiving it. They must advise the commissioner of the approval, denial, or modification of the plan or waiver request at the hearing's close.

If the committees do not concur, the bill requires their chairmen to appoint a conference committee composed of three members from each committee. At least one member from each committee must be from the minority party.

The conference committee must report to each standing committee, which must vote to accept or reject the report. The report cannot be amended.

If either committee rejects the conference report, it must notify the commissioner and the plan is deemed approved. If the committees accept the report, the Appropriations Committee must advise the DSS commissioner of their decision. If the committees do not advise the DSS commissioner during the 30-day period, the plan is likewise deemed approved.

Any plan or necessary waiver DSS submits to the federal government must be in accordance with the committees' actions.

Integration with Behavioral Health Partnership (§ 4)

The bill requires that BHP recipients be part of the Behavioral Health Partnership starting January 1, 2014.

Basic Health Program Account (§ 6)

The bill establishes a BPH account as a separate, non-lapsing account in the General Fund to hold any monies required by law to be deposited into it. DSS must use money in the account to operate the BHP, in accordance with federal law.

BACKGROUND

BHP—Federal Law

Section 1331 of PL 111-148 allows states, beginning in 2014, to establish BHPs for individuals (1) ineligible for Medicaid, (2) under age 65, (3) who have household income between 133% and 200% of the FPL (individuals with incomes under 133% of the FPL will qualify for Medicaid), and (4) are ineligible for minimal essential health care coverage (e.g., State Children's Health Insurance Program (HUSKY B in Connecticut) or cannot afford their employer's coverage. Legal aliens living in the U.S. for less than five years and who have incomes up to 133% of the FPL are also eligible.

The federal law imposes limits on cost sharing, and requires that state BHPs provide benefits at least as generous in the state's Essential Health Benefits package as would be available to someone getting their insurance from the state's health insurance exchange.

States that operate BHPs are eligible for federal subsidies equaling 95% of the premium tax credits and cost sharing reductions that the federal government would have spent if BHP enrollees had received this assistance when enrolling in a health insurance exchange plan.

The law requires states to establish funds (trusts) into which the federal subsidies are deposited and which can only be used to reduce the premiums and cost sharing of, or provide additional benefit for, people enrolled in a BHP health plan (42 USC § 18051).

Health Insurance Exchange

A health insurance exchange is a set of state-regulated and standardized plans from which individuals may purchase health insurance eligible for federal subsidies. Under the PPACA, all exchanges must be fully certified and operational by January 1, 2014.

Federal Poverty Levels (FPL)

The following are the 2012 FPLs for family sizes of one to three people.

Family Size	*100% of FPL*	*133% of FPL*	*200% of FPL*
1	$11,170	$14,856	$22,340
2	15,130	20,123	30,260
3	19,090	25,390	38,180

Related Bill

SB 425, favorably reported by the Public Health Committee, also establishes a BHP.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute
Yea 10 Nay 6 (03/22/2012)